

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2706 - SB 2691

March 8, 2012

SUMMARY OF BILL: Eliminates all fees for sole proprietors regarding registrations, renewals, and amendments to the Workers' Compensation Exemption Registry. The fees are outlined in Tenn. Code Ann. § 50-6-912 and are collected by the Secretary of State.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue - \$278,400/FY12-13/Every Two Years/Employee
Misclassification Education and Enforcement Fund
\$1,374,800/FY13-14/Every Two Years/Employee
Misclassification Education and Enforcement Fund**

**Increase State Expenditures - \$10,100/One-Time/FY12-13/Employee
Misclassification Education and Enforcement Fund**

Assumptions:

- Current law authorizes the Secretary of State to charge certain fees relative to workers' compensation for sole proprietors. "Sole proprietor" is defined in Tenn. Code Ann. § 50-6-901 as one person who owns a form of business in which that person owns all assets of such business.
- According to the Secretary of State's Office, the estimated decrease in state revenue in FY12-13 will be \$278,400 (4 months collection) and in FY13-14 will be \$1,374,800 (12 months collection). This estimate is based on the actual number of sole proprietors currently listed on the Workers' Compensation Registry who will not have to pay a fee of \$100 to renew their construction services provider or workers' compensation exemption registration. The fee is paid every two years.
- An estimated decrease in state revenue, which cannot be quantified, will result from new sole proprietors who will be able to register to be listed on the Workers' Compensation Exemption Registry without having to pay a fee.
- An estimated decrease in revenue, which cannot be quantified, will result from sole proprietors not having to pay a fee to obtain certified copies of their exemption registration, change their address, or voluntarily revoke their exemption.

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- According to the Secretary of State's Office, there will be a one-time increase in state expenditures of \$10,114.88 for business analysis and computer programming hours to modify the TN-BEAR computer system to permit sole proprietors to register, renew, amend, and revoke a registration at no fee. The business analysis is estimated to be \$2,114.88 (24 hours x \$88.12 per hour) and the computer programming is estimated to be \$8,000 (80 hours x \$100).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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